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Dulles To DC Loop—Public-Private Partnership Proposal

Executive Summary

Virginia Mobility Associates LLC, a newly established single purpose entity, proposes to privately finance the missing links in the emerging network of Express Toll Lanes (ETL's or HOT lanes) in Northern Virginia.

Without these links, outstanding proposals to relieve congestion along I-95, I-395, and I-495 will fail, inasmuch as the traffic existing from these projects onto I-66 and Route 267 will have nowhere to go. Because of these bottlenecked intersections, the promising idea to relieve congestion on these highways will not work in practice.

The solution is to link together all the proposed ETL lanes into one network operating in a uniform manner. The uniform manner we suggest is highway sections consisting of several free lanes and two Express Toll Lanes in each direction. We believe that configuration can be supported on 267 and I-66 and will soon be required and desirable on Route 28 when the traffic volume on the latter highway builds up. Our modeling assumes one Express Toll Lane in each direction is indicated for every 100,000 AADT traffic volume on a limited access highway with no practical alternative free competition. With those conditions, we believe that the public contribution of the right of way, with the interchange requirements limited to connecting Express Toll Lanes on adjacent segments, will be sufficient to allow these improvements to be financed privately.

The proposal encompasses seven named segments totaling 122 lane miles. The limited access highways affected are State Route 267, from Dulles Airport to the I-66 intersection, I-66 from the Ft. Myer overpass just west of the T.R. bridge west to State Rt. 28, and State Rt. 289 north to the intersection with Route 267. These highway segments total 90 miles. Our proposal is to convert all existing HOV lanes to ETL and construct an additional ETL lane overall, thus having a pair of ETL's running in each direction. In addition, we would be willing to construct an additional ETL along I-66 from the 25th St. overpass west to Route 28. This distance is approximately 16 miles, or 32 lane miles. These sections would encompass either 3 or 4 free lanes with a pair of Express Toll Lanes.

This addition bringing the total proposal to 122 lane miles. This is believed to be the most ambitious ETL proposal yet made in the U.S.

Our proposal is for a minimum 40 year franchise period with the public sharing in excess revenues over a return on capital base sufficient to attract needed debt and equity. Revenue sharing would begin immediately according to a formula that has built in a cumulative return to investors to reflect shortfalls experienced in the early years of operation (if any). The exact nature of this formula will depend on the market for such ventures at the time financing is secured. At present, there is ample capital for such investments and no standard approach to revenue sharing has emerged.

We not propose an upfront fee because we believe the amount of the fee, plus the question of its disposition, has no obvious right answer. Resolution of these issues will be controversial, and will delay the project and congestion relief. We do not want to be involved in accusations of selling off state "crown jewels", nor the issue of how upfront money is to be spent. We simply want to provide travel time insurance, on a voluntary, time-of-travel choice, paid for by users.

Furthermore, an up front fee serves to mortgage the future of a corridor, and obligate the public too far in the future with promises and complicated documents that are guaranteed to become obsolete well before the expiration of the concession term.

We suggest that revenues to the State as part of revenue sharing be dedicated to arterial highways supporting and adjacent to the freeways to which we are adding capacity. While a formal agreement to that effect need

not be part of our documentation, we suggest VDOT adopt this policy. It should be noted that while the DC area ranks #3 overall on the Texas Transportation Institute's list of most congested cities, we rank #1 in the U.S. for arterial congestion.

The consortium will build, manage, and maintain the toll revenue portion of these roads. Professional management, and real time monitoring of the network, will be an integral part of the operation done at the cost of the consortium. Free flowing traffic, and hence congestion mitigation, is the goal of the project, and is the "product" that we will be selling. Incident management will also be aggressively implemented to make sure that traffic, and toll revenue, continues without interruption.

The consortium will build and maintain the extra lanes in terms of initial construction and pavement integrity for the life of the concession. Routine maintenance, such as snow removal, policing, and incident management, will be done by VDOT others. We believe this is the most appropriate division of responsibilities between public and private sector.

Tolls will be set on half hour increments based on what our real time monitoring tells us is necessary to keep the traffic flowing. In general, the tariff schedule will be similar to that currently implemented on S.R. 91 in Orange County, California, which is available from the Orange County Transportation Authority's website. If excess revenue is generated from tolls, that will be shared with VDOT on a formula basis. Over time, the State will enjoy recurring revenue from our proposal.

We propose the approach being advocated by Maryland, whereby all vehicles are tolled. When and if technology is developed that can inexpensively and reliably identify the number of occupants of a vehicle, we can then explore discounts for carpoolers.

We would be willing to offer free access and use of the ETL's to common carriers with a seating capacity of 30 or greater. This availability, also known as a "virtual" right of way, offers almost all of the advantages with none of the cost disadvantages for fixed guideway projects such as rail, heavy or light, monorail, or dedicated Bus Rapid Transit.

At the same time, we propose to set aside Just in Time Ridesharing zones at key intersections, to facilitate the transfer of passengers and drivers.

Given this easy to use option, it should always be possible for both rider and driver to travel less expensively using this form of private transportation than any other mode, including heavily subsidized public transportation. This conclusion is even more emphatic when time savings are considered. We note that the number of just in time car riders along the Shirley Highway, at 44,000 per day, at \$0 capital cost, with no operating deficits, is greater than the 30,000 net new regional transit riders projected for Dulles Rail, at a cost of \$5 billion, plus \$100 million a year in subsidies.

We believe it is a mistake to link the provision of Express Toll Lanes to any particular mode of subsidized transit. We believe the State and localities are the ones to determine the most appropriate reinvestment of surplus revenue sharing as new technology comes on to the market.

Given the engineering and safety issues involved in getting on and off the Express Toll Lanes, we propose slip ramps only every five miles or so. The exact locations would need to be studied. We do not plan an ETL network designed for local travel. However, given the average 50 miles per day per vehicle driven in our area, we expect plenty of demand for travel segments of five miles or greater.

We anticipate a normal two-year construction phase from final approval.

Our current estimate for this system is \$800 million, of which \$700 million is for construction. This price does not include interlinking segments with other ETL projects not part of our proposal.

On the 267/Dulles Access Road segment, we do not need extra right of way to accomplish this proposal. However, we would want to explore with the Airports Authority whether managing their 150 foot reserved right of way in the center would not make sense for them as well. As a radial highway, 267/Dulles Access Road would benefit from reversible lanes, as on the Shirley Highway. This makes sense only if the inner lanes were part of this managed system. It should be noted that current ideas to privatize 267 will eventually cause the free inner access lanes to fail, as drivers realize that the backtracking at the airport will be faster and cheaper than paying ever increasing full time tolls on 267 with congestion worsening every year. There are times now when traffic on the four inner lanes exceeds that on the outer eight lanes, and these circumstances will dramatically increase as tolls

increase on 267 as is planned every several years. This unique airport access concept is nearing the end of its useful life and needs to be rethought and that corridor reengineered.

While we do not believe much, if any, extra right of way will be needed to accomplish the scope of work outlined, to the extent more is required, we will pay for it as part of our financial responsibilities.

We suggest that as a public body that has experience interfacing with the numerous other public bodies required to sign off on this type of proposal, that VDOT take the lead in scheduling and scoping the approvals required for this project. Our group can provide the backup needed, and we are open to suggestion to a cost sharing arrangement for out of pocket expenses incurred during the approval process.

On Route 28, we believe the introduction of ETL's will provide most, if not all, of the money needed to convert that section into an interchange free highway. The existing four traffic lights need to be eliminated in order to meet travel demand on that highway. It should be noted that Dulles Airport now gets more access from 28 than it does from 267/Access Road to the east.

As for I-66, it is notorious as one of the most crowded freeways in the nation, even on weekends. Expansion on the inner segments is needed even more than on the western segments, which VDOT has recently accomplished on its own.

Washington, D.C. and its suburbs is currently ranked #3 in the nation in overall traffic congestion. In arterial congestion, we rank #1—the worst. We badly need to upgrade or freeway network and provide travel time insurance for those willing to pay for it. By doing so, we will also relieve the pressure on our overloaded arterials, and reduce neighborhood cut through traffic.

We believe this concept is an idea whose time is come, and one which can promptly, and successfully, implemented in a public-private venture.

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